

## 3010 DEFENSE PENTAGON WASHINGTON, DC 20301-3010

JUL 14 2000

Honorable Albert Gore, Jr. President of the Senate Washington, DC 20510

Dear Mr. President:

The Department of Defense (DoD) is pleased to submit its report of A-76 reviews, as required by section 8109 of the Department of Defense Appropriations Act, 2000, Pub. L. No. 106-79 (see Enclosure 1). Section 8109 directs the Department to list all instances since 1995 in which missions or functions of the Department of Defense have been reviewed by the Department of Defense pursuant to Office of Management and Budget (OMB) Circular A-76 (see Enclosure 2 for a copy of section 8109).

The report identifies the disposition of A-76 reviews of work performed by both DoD employees and DoD contractors from 1995 to the end of 1999. During that 5-year period, the Department completed 286 reviews involving 10,661 manpower authorizations. Those reviews consisted of two types. One type was a cost comparison between in-house and contract performance. The other type involved the consideration of directly converting from in-house to contract performance.

Of the 286 reviews, 138 were cost comparisons impacting 91 percent of the authorizations and 148 were direct conversions impacting the remaining 9 percent. Of the 138 cost comparisons, 40 percent resulted in contract decisions, and 60 percent resulted in decisions to perform the work with in-house, DoD employees. Of the 148 direct conversion reviews, all but 12 resulted in contract decisions.

Overall, the 286 A-76 reviews reduced costs by an estimated 39 percent for fiscal year 1999, yielding an estimated \$290 million in savings. This estimated 39 percent reduction is a "snapshot in time" for the 286 reviews in 1999 only. As the Department conducts reviews of other activities, it will realize varying reductions in operating costs.



A similar letter has been sent to the Speaker of the House of Representatives, the Chairmen of the Senate and House Committees on Appropriations, the Chairmen of the Senate and House Committees on Armed Services, and the Chairmen of the Senate and House Appropriations Subcommittees on Defense.

Sincerely

J. S. Ganslei

Enclosures: As Stated

# ACQUISITION, TECHNOLOGY AND LOGISTICS

#### THE UNDER SECRETARY OF DEFENSE

## 3010 DEFENSE PENTAGON WASHINGTON, DC 20301-3010

JUL 14 2000

Honorable J. Dennis Hastert Speaker of the House Washington, DC 20515

Dear Mr. Speaker:

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#### THE UNDER SECRETARY OF DEFENSE

## 3010 DEFENSE PENTAGON WASHINGTON, DC 20301-3010

JUL 14 2000

Honorable Ted Stevens Chairman, Committee on Appropriations United States Senate Washington, DC 20510

Dear Mr. Chairman:

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Sincerely,

I S. Gansier

Enclosures:
As Stated

cc: Honorable Robert Byrd Ranking Democrat

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Honorable Ted Stevens Chairman, Subcommittee on Defense Committee on Appropriations United States Senate Washington, DC 20510

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Sincerely.

J. S. Gansler

Enclosures: As Stated

cc: Honorable Daniel K. Inouye Ranking Democrat

# ACQUISITION, TECHNOLOGY AND LOGISTICS

### THE UNDER SECRETARY OF DEFENSE

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JUL 14 2000

Honorable C.W. Bill Young Chairman, Committee on Appropriations House of Representatives Washington, DC 20515

Dear Mr. Chairman:

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Sincerely

J. S. Gansler

Enclosures: As Stated

cc: Honorable David R. Obey Ranking Democrat



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JUL 14 2000

Honorable Jerry Lewis Chairman, Subcommittee on Defense Committee on Appropriations House of Representatives Washington, DC 20515

Dear Mr. Chairman:

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J. S. Gansler

Enclosures: As Stated

cc: Honorable John P. Murtha Ranking Democrat



## 3010 DEFENSE PENTAGON WASHINGTON, DC 20301-3010

JUL 14 2000

Honorable John Warner Chairman, Committee on Armed Services United States Senate Washington, DC 20510

Dear Mr. Chairman:

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Sincerely,

J. S. Gansler

Enclosures: As Stated

cc: Honorable Carl Levin Ranking Democrat



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Honorable Floyd Spence Chairman, Committee on Armed Services House of Representatives Washington, DC 20515

Dear Mr. Chairman:

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J. S. Gansler

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cc: Honorable Ike Skelton Ranking Democrat